



Committed to the future of rural communities.

Intermediary Relending Program (IRP)

PURPOSE

- USDA – Rural Development will make loans to Intermediaries to establish revolving loan programs for the purpose of providing loans to ultimate recipients for business facilities and community development in rural areas.
- The Intermediary can use IRP financial assistance and other capital to establish a revolving loan fund.
- Financial assistance from the Intermediary to the ultimate recipient must be for community development projects, the establishment of new businesses and/or the expansion of existing businesses and the creation of employment opportunities or saving existing jobs.

APPLICATION FILING AND PROCESSING

- Intermediary applications can be submitted to the Iowa USDA Rural Development State Director in Des Moines.
- Applications received will be reviewed and ranked quarterly by the USDA Washington, D.C. office and funded in the order of priority ranking.

IRP APPLICATION PRIORITY RANKING

Priority points are awarded base on several criteria, including the following:

- Other loan and grant funds available
- Intermediary funds available
- Median household income of area served
- Unemployment rate of the area served
- Low income families in the area served
- Equity from the intermediary (most important)
- Experience
- Administrative ability
- Community representation

FOR MORE INFORMATION

Contact the USDA - Rural Development State Office in Des Moines at 515-284-4714 or one of our USDA - Rural Development Area Offices shown below. TDD for hearing impaired (515) 284-4858.

▪ Iowa Falls	641-648-5181	▪ Indianola	515-961-5365
▪ Waverly	319-352-1715	▪ Atlantic	712-243-2107
▪ Tipton	563-886-6006	▪ Le Mars	712-546-5149
▪ Mount Pleasant	319-986-5800	▪ Storm Lake	712-732-1851
▪ Albia	641-932-3031	▪ Humboldt	515-332-4411

www.rurdev.usda.gov

	Intermediaries	Ultimate Recipients
Benefits of IRP	<ul style="list-style-type: none"> ▪ Creates revolving loan fund which enhances rural development and creates / saves jobs ▪ Local control/availability of funds ▪ Interest income, service fees, financing charges collected may be used for: <ol style="list-style-type: none"> 1) Cost of administering IRP 2) Technical assistance to borrowers 3) Absorption of bad debts with IRP 4) Repayment of IRP loan 	<ul style="list-style-type: none"> ▪ More favorable rates may be obtained ▪ Local source of credit for eligible small businesses or community projects ▪ Other lenders may be more willing to become involved if IRP funding is also available
Eligible Areas	Any area of the country	Rural community under 25,000
Eligible Applicants	<ul style="list-style-type: none"> ▪ Private non-profit corporations, public agencies, state or local governments, Indian groups, and certain cooperatives ▪ Must have: <ol style="list-style-type: none"> 1) Legal authority to carry out proposed loan, give security, and repay loan 2) Proven record of successfully assisting rural businesses per loan making and servicing, acceptable delinquency rate 3) Staff expertise and sufficient capital 4) At least 51% of membership is U.S. citizens or legally admitted 5) No delinquent debt to Federal govt. by itself or any of its principals 	<ul style="list-style-type: none"> ▪ Individuals, public or private organizations or other legal entities with authority to incur debt and carry out loan purpose. ▪ Citizens of the U.S. or legally admitted; organizations need at least 51% U.S. citizens ▪ Unable to finance the proposed project from its own resources or other programs at reasonable rates and terms ▪ Hold no legal or financial interest or influence in the Intermediary ▪ No delinquent debt to federal govt.
Eligible Loan Purposes	Revolving loan fund to Ultimate Recipients that fund economic development activities through: <ul style="list-style-type: none"> ▪ Community projects ▪ Small businesses 	<ul style="list-style-type: none"> ▪ Community development projects ▪ Establishing new businesses ▪ Expansion of existing businesses ▪ Creation of job opportunities ▪ Saving existing jobs
Ineligible Loan Purposes	<ul style="list-style-type: none"> ▪ Intermediary's own administrative expenses ▪ Some charitable institutions, churches, organizations affiliated with or sponsored by churches ▪ Fraternal organizations 	<ul style="list-style-type: none"> ▪ Agricultural production ▪ Transfer of ownership unless it keeps the business from closing or provides expanded job opportunities ▪ Community antenna television services or facilities ▪ Golf courses, race tracks, gambling
Maximum Loan Amount	<ul style="list-style-type: none"> ▪ Initial loan cannot exceed \$2 million (Subject to fiscal year funding limitations) ▪ Subsequent loans may be considered but will not exceed \$1 million ▪ Total IRP debt will not exceed \$15 million 	<ul style="list-style-type: none"> ▪ Must not exceed the lesser of: <ol style="list-style-type: none"> 1) \$250,000 or 2) 75% of total cost of project ▪ No more than 25% of IRP loan may be used for loans >\$150,000
Interest Rate	1 percent per annum over term of the loan	<ul style="list-style-type: none"> ▪ Negotiated between Intermediary and Ultimate Recipient in accordance with Intermediary's approved work plan
Equity Requirements	Cash equity = 25% receives most priority points	Adequate to complete project
Repayment Terms	30 years maximum	Determined by the Intermediary
Fees and Costs	Typical legal, accounting, and loan closing costs	Customary for loan processing
Collateral	<ul style="list-style-type: none"> ▪ Separate/apart from security for other loans ▪ Adequate to assure full repayment ▪ Normally a lien on IRP fund and its assets 	<ul style="list-style-type: none"> ▪ Negotiated between Intermediary and Ultimate Recipient ▪ Adequate to protect interests of Intermediary and the Government
Environmental Impact	<ul style="list-style-type: none"> ▪ Develop plans to minimize the potential to adversely impact the environment ▪ Furnish information and assistance as the Agency needs to make its environmental determinations 	<ul style="list-style-type: none"> ▪ Develop plans to minimize the potential to adversely impact the environment ▪ Furnish information and assistance as the Agency needs to make its environmental determination